

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 ISO-00 EB-07 /014 W

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R 181455Z MAR 75

FM AMCONSUL RIO DE JANEIRO

TO AMEMBASSY BRASILIA

INFO SECSTATE WASHDC 2305

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E.O. 11652: N/A

TAGS: MAJOR PROJECT: SALE OF PULLMAN RAILCARS TO RFFSA

REF: STATE 040360 AND PREVIOUS

1. CONSULATE GENERAL HAS LEARNED FROM RELIABLE SOURCE (DANIEL SYDENSTRICKER, PRESIDENT OF MINERACAO BRASILEIRAS REUNIDAS--MBR) THAT MINISTER OF TRANSPORTATION, DIRCEU NOGEIRA HAS DECIDED NOT REPEAT NOT TO ACCEPT PULLMAN PROPOSAL TO SUPPLY 500 ORE CARS FOR RFFSA. CARS WERE TO HAVE BEEN PURCHASED BY RFFSA TO TRANSPORT IRON ORE FROM MBR MINE SITE IN MINAS GERAIS TO MBR MARINE TERMINAL AT SEPTIBA (RIO DE JANEIRO STATE).

2. ACCORDING TO SYDENSTRICKER, PULLMAN PROPOSAL WAS DISCUSSED AT MEETING EARLIER THIS MONTH WITH MINISTER DIRCEU IN BRASILIA AT WHICH REPRESENTATIVES FOR MBR, RFFSA AND LOCAL RAILCAR MANUFACTURERS WERE PRESENT. SYDENSTRICKER SAID THAT ALL PRESENT AGREED THAT PRICES AND TECHNICAL ASPECTS OF PULLMAN PROPOSAL WERE EXCELLENT. HOWEVER, LOCAL MANUFACTURERS SUCCESSFULLY ARGUED THAT THEY WERE ABLE TO MEET PULLMAN'S DELIVERY SCHEDULE CALLING FOR FIRST LOT OF CARS TO BE DELIVERED IN SEPTEMBER AND, THEREFORE, THERE WAS NO NEED FOR IMPORTED CARS. AS COMMERCE AWARE, BRAZILIAN GOVERNMENT IS SEEKING TO REDUCE IMPORTS WHENEVER POSSIBLE, ESPECIALLY IN CASE OF GOVERNMENT OWNED CORPORATION SUCH AS RFFSA, IN EFFORT TO KEEP EXPECTED TRADE ACCOUNT DEFICIT WITHIN BOUNDS.

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3. FIRST ORDER OF 350 ORE CARS FOR MBR LINE, WHICH HAS

BEEN GIVEN TO FABRICA NACIONAL DE VAGOES (FNV), CALLS FOR INITIAL DELIVERY OF CARS IN MAY OF THIS YEAR AND FINAL DELIVERY IN AUGUST. THUS, FNV CAN PURPORTEDLY MAINTAIN MANUFACTURING SCHEDULE AND CONTINUE DELIVERING CARS BEGINNING SEPTEMBER, WHICH WOULD HAVE BEEN SUPPLIED BY PULLMAN. CONSEQUENTLY, WE UNDERSTAND THAT FURTHER ORDER FOR 500 ORE CARS WILL BE PLACED WITH FNV.

4. FERRAGENS SANTOS, PULLMAN REPRESENTATIVES IN BRAZIL, STATE THAT PULLMAN IS ABLE TO IMPROVE UPON DELIVERY SCHEDULE. FERRAGENS SANTOS INSIST THAT, GIVEN PRESENT COMMITMENTS, LOCAL RAILCAR MANUFACTURERS ARE NOT IN A POSITION TO SUPPLY CARS AS OUTLINED ABOVE. RUBENS TAVARES, PRESIDENT, FERRAGENS SANTOS, NOW PLANS TO VISIT BRASILIA TO PLACE NEW PULLMAN PROPOSAL BEFORE MINISTER DIRCEU. TAVARES IS ATTEMPTING TO ARRANGE MEETING WITH THE MINISTER LATER THIS WEEK. HE HAS REQUESTED EMBASSY SUPPORT IN ARRANGING MEETING AND SOMEONE FROM EMBASSY TO ACCOMPANY HIM TO DEMONSTRATE USG INTEREST IN THIS CASE. WE HAVE SUGGESTED THAT HE GET IN TOUCH WITH THE EMBASSY'S ECONOMIC SECTION WHEN FIRM INFORMATION REGARDING THE MEETING IS AVAILABLE.
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